Government has to face in war-time is that of inducing its citizens to reduce their purchase of goods and services, that is to say, to spend less, so that all the things required for the Army and Navy may be obtained by the Government. It is true that some of the goods and services required for carrying on war can be obtained from foreign countries by any belligerent which is able to communicate with them freely. In that case the current production of the foreigner can be called in to help. But this can only be done if the warring country is able to ship goods to the foreigner in payment for what it buys, or if it is able to obtain a loan from the foreigner, or some other foreign country, in order to pay for its purchases abroad, or again, if, as in our case, it holds a large accumulation of securities which foreign countries are prepared to take in exchange for goods that they send for the purposes of the war. By these two last-named processes, raising money abroad, and selling securities to foreign nations, the warring country impoverishes itself for the future. When it borrows abroad it pledges itself to export goods and services in future to meet interest and sinking fund on the money so raised, so getting no goods and services in return. When it ships its accumulated wealth in the form of securities it gives up for the future any claim to goods and services

from the debtor country which used to come to it to meet interest and redemption. It is only by shipping goods in return for goods imported for the war that a country can keep its financial staying-power on an even keel.